



Lead. Cultivate. Connect.

# **An Introduction to Co-ops in Ontario**

For more information, visit  
[www.ontario.coop](http://www.ontario.coop).

Or contact On Co-op at [info@ontario.coop](mailto:info@ontario.coop) or 519.763.8271

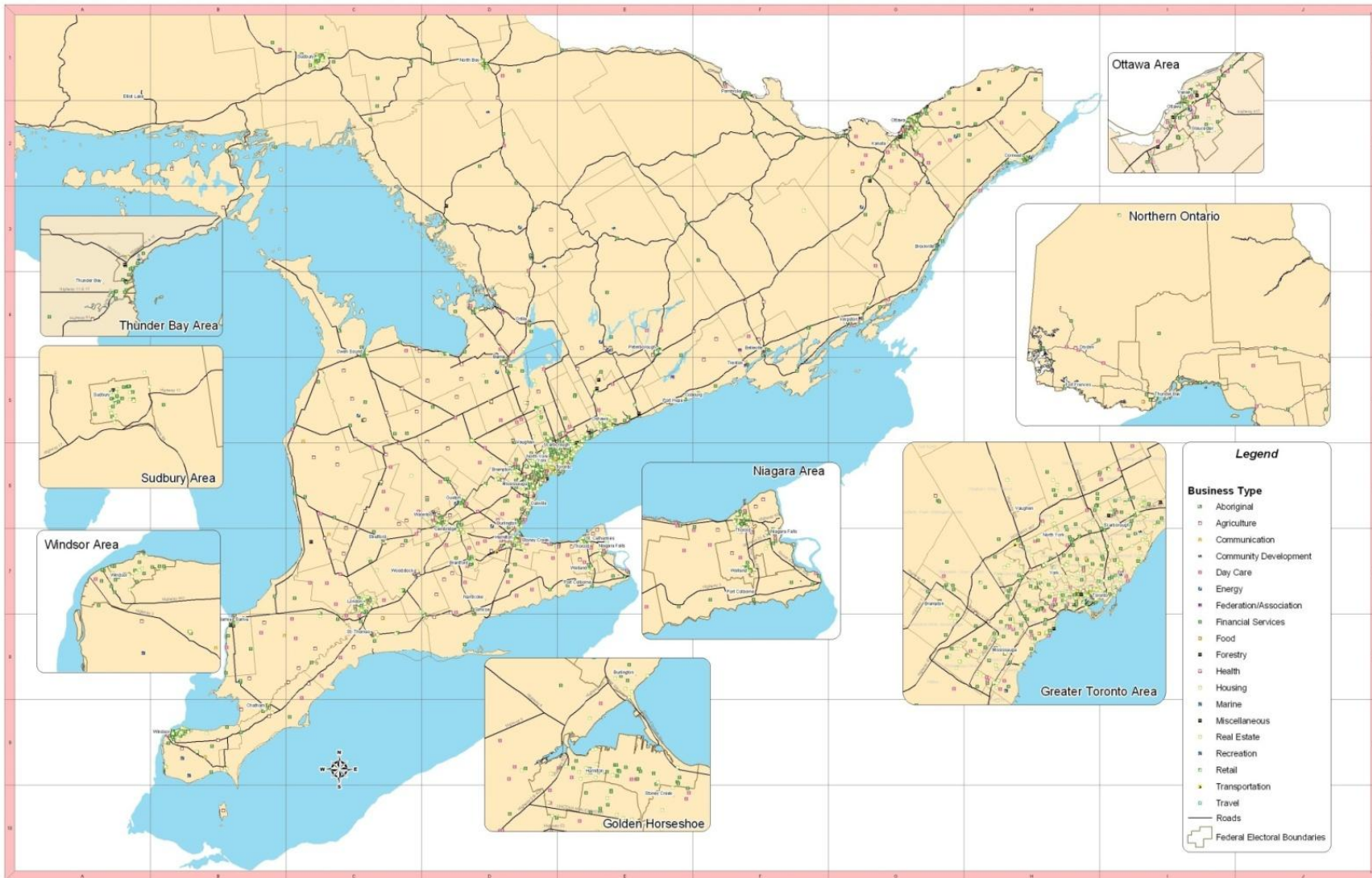
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# Overview

- What is a Co-operative?
- The Co-op Context
- Co-op models
- About On Co-op

Note: The information presented throughout is of a general nature only. For specific details, or inquiries please contact On Co-op

# THE ONTARIO CO-OPERATIVE SECTOR: 1300 Co-ops; 1900 Locations; 400 COMMUNITIES



# What is a Co-operative?

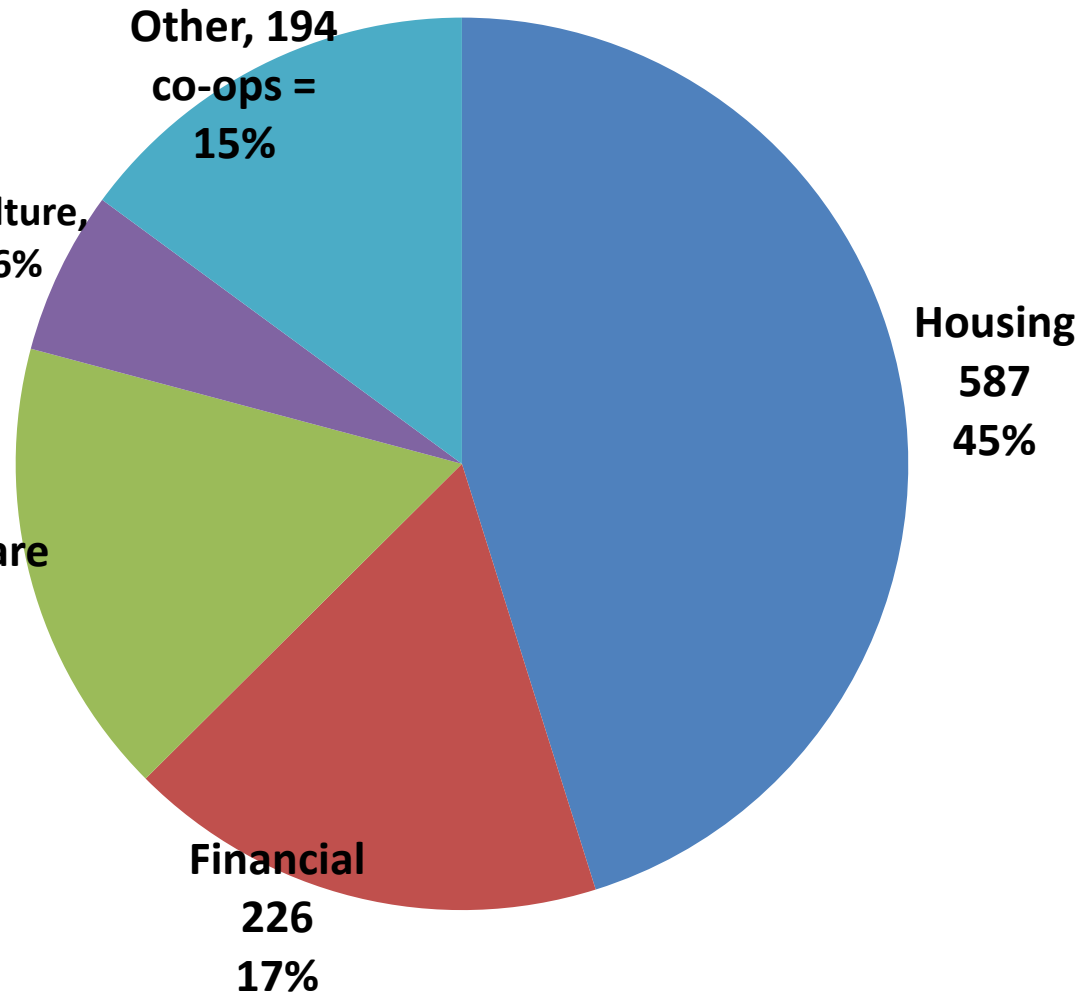
- Co-ops are member-owned enterprises
  - ▶ Primary purpose is to meet the needs of members
- An internationally recognized business model
  - ▶ Incorporated under provincial or federal legislation
  - ▶ Similarities to not-for-profits and private businesses
  - ▶ Can be used in virtually all business scenarios
- Democratically controlled: One-member, one-vote, regardless of business done with co-op or investment in co-op

# Number and Types of Co-ops in Ontario

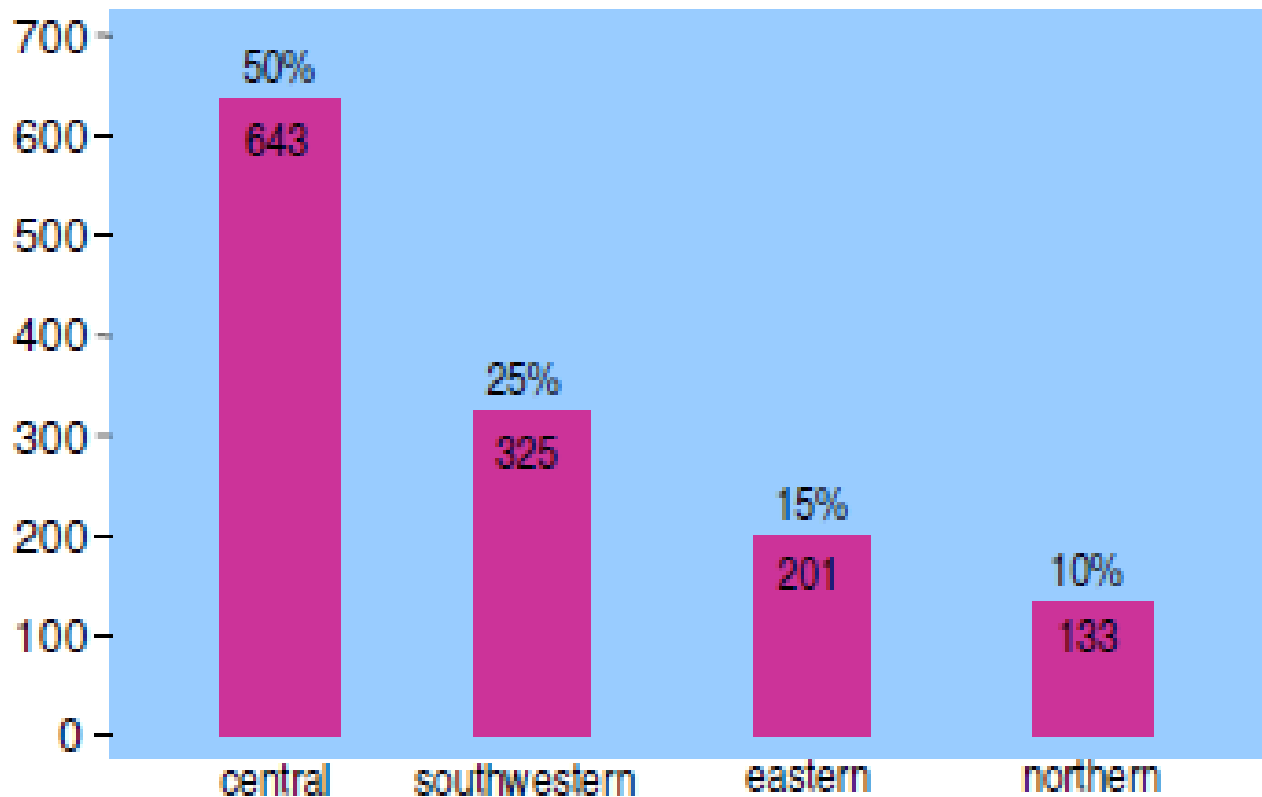
## Ontario's Co-ops:

- 1300 co-ops, with 1900 locations in 400 communities
- More than 1.4 million members
- \$30 billion in assets
- 49,000 volunteers (of which 10,000 are directors)
- 15,500 employees

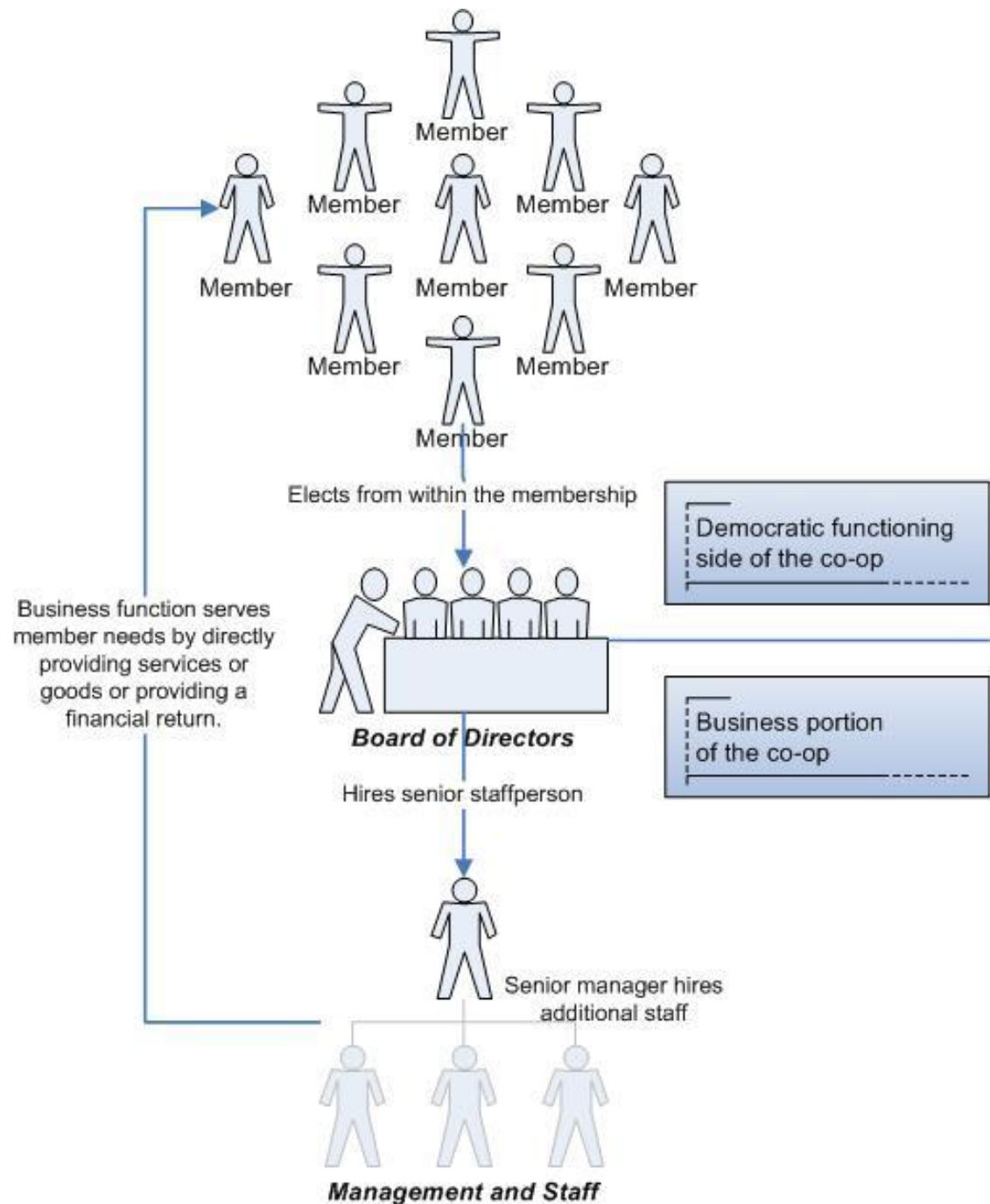
- More than 70% of Ontario co-ops have less than 5 paid staff; 6% have between 25-99 staff and 2% have 100+ paid staff



# Geographical Distribution



# Basic Co-operative Structure



# The Co-op Context

- **Economies of scale:** Bulk buying; sharing of costs and expenses; joint processing or branding
- **Accountable & inclusive:** Open to everyone; each member has equal vote regardless of investment; local decision making
- **Build stronger communities:** Most co-ops are community based - investment and surplus stays in the local community; collaboration
- **Members' needs met:** May not always be ROI







# The Co-op Context

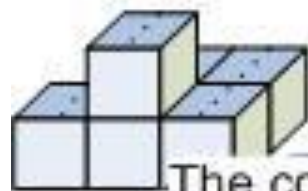
- **Benefits to both member-owners and users:**
  - ▶ Investment and economic contribution
  - ▶ Value added
  - ▶ Democratic functioning and collaboration
- **Self-determination:** Member ownership makes co-ops less vulnerable to takeovers by outsiders
  - ▶ Co-ops can own non-co-op subsidiaries or businesses
- Multiple bottom lines – financial, social and environmental

# The Co-op Context

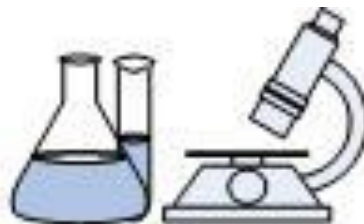
- Co-op roots are rural in nature
- Agriculture consumer and producer services, and financial services were the first co-ops in Ontario
- Strong history and solidarity with many agricultural stakeholder groups, but less today
- Rural and remote communities still important drivers of co-op development
- Especially for community focused services where profit is not a primary motivation

# Types of Co-operatives

-  Consumer (service) co-op
-  Producer co-op
-  Worker co-op
-  Multi-stakeholder co-op



Inver



Research & Development



Purchasing

The co-op obtains goods or services to provide to its members.



# CONSUMER or SERVICE CO-OPERATIVE

Co-op provides goods or services to members of the co-op



Member



Member



Member



Member



Member



Member



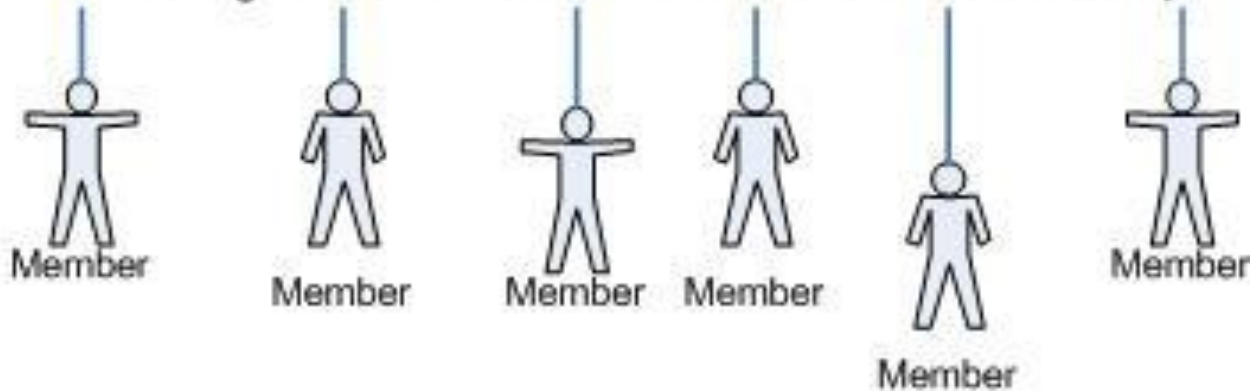
**Distribution**  
 Co-op resells, packages, markets or otherwise processes goods and gets them to market.

Some producer co-ops provide supplies or services to members to help them work.



## PRODUCER CO-OPERATIVE

Produce goods or services and sells them to the co-op



Worker co-ops work in wide variety of sectors and types of business, although most commonly seen in retail operations or operated as small-medium enterprises.



The co-op performs different services to each class of the membership:

- Providing goods and services to consumer members
- Providing employment to worker members
- Markets, sells or transforms the goods of producer members



Worker Members



Consumer Members



Other Classes  
Of Members



## MULTISTAKEHOLDER CO-OPERATIVE

Each class of members has a different type of relationship with the co-op but each class of members finds value in the structure.

# Co-ops vs. Business Corporations

## CO-OPERATIVES

- Exist to meet needs of members
- Accountable to members
- Surplus distributed to members
- One member one vote
- Board represents members; directors must be members
- Shares generally not traded

## BUSINESS CORPORATIONS

- Exist to maximize ROI
- Accountable to shareholders
- Unlimited return on shareholder capital
- Vote based on number of shares held
- Board represents shareholders; director may not be shareholder
- Shares may be traded

Refer to detailed comparison sheet for more details

Download from [www.ontario.coop/toolkit](http://www.ontario.coop/toolkit) (Factsheet section)



# Co-ops vs. Not-for-Profits

## CO-OPERATIVES

- Always member controlled
  - ▶ One member one vote
- Mandated to meet the needs of members
- Board of Directors elected from membership *(some options available under recent Act changes)*
- Operate under Ontario's *Co-operative Corporations Act* or the *Credit Union and Caisse Populaire Act*; with or w/out share capital
- Surplus & patronage may be distributed to members

## NOT-FOR-PROFITS

- Usually member controlled
  - ▶ Membership voting classes
- Broader mandate to the community
- Board of Directors elected from membership
- Operate without share capital under Ontario Corporation Act
- Surplus kept to further goals and objectives of organization

# Co-ops + CED

- Focus on local circulation of dollars – keeps services operating and money in member hands
  - ▶ Controlled locally through democratic structure
  - ▶ Focus on services and values over profit margin
- Similar community benefits to non-profits, mutuals, etc.
- Play an important role in providing essential or community focused services to rural/remote communities

# Opportunities by Sector

As a result of changing needs and new pressures, there are particular sectors with growing opportunities:

- ▶ Renewable energy
- ▶ Transportation
- ▶ Ethical (fair trade) retail co-ops
- ▶ Local and organic food
- ▶ Microfinance and social finance

*Long term possibility: Home and health care*

# Ontario Co-operative Association

- Represents 85% of anglophone Ontario co-ops
  - ▶ One of a number of provincial co-operative associations across Canada
  - ▶ Incorporated as a co-op without share capital
- MISSION - Lead, Cultivate & Connect co-ops
- Creates and delivers programs & activities in our four strategic areas: Government Relations; Member Relations and Communications; Co-operative Development; and Lifelong Co-operative Learning

# Government Relations

## Advocacy

- ▶ Petition
- ▶ Secretariat/government partnership
- ▶ Meetings with MPPs, Ministers and public policy makers

## Regulations

- ▶ Changes to the *Act*
- ▶ Consultation process – 50% rule and par value
- ▶ FSCO is regulator, not “overseer or counsellor”

# Membership and Communication

## 60+ Members (supporters & friends)

- ▶ Represent 85% of the anglophone co-ops
- ▶ Provide membership with value (benefits/discounts, support, education)
- ▶ Consultation; 1 loud, clear voice

## Communication

- ▶ Among sectors, with non-affiliates, with public
- ▶ Print and electronic – largest distribution list for e-newsletter in the country
- ▶ Gala & Spirit Awards; celebrate, learn, share

# Co-op Development

- Answering inquiries from co-ops or the general public about co-ops
- Working through structure and ideas with early stage groups; supporting existing co-ops
- Providing referrals and links to other programs and experts
- Promoting and educating government, youth, partners, members and other stakeholders about the co-op model

# Lifelong Learning

- Education System
  - ▶ Co-op Management Certificate Program
  - ▶ Curriculum project
- Co-operative Young Leaders
  - ▶ Youth development & engagement
  - ▶ Volunteer Facilitator development
- Co-operative Internship Experience Program
  - ▶ Hosts, interns; relationship building
  - ▶ The next generation of co-op leaders



# LEARN MORE!

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